



CBI Policy Recommendations



Economic Development Committee Meeting
August 27, 2018



Agenda



- **Objectives for Today**

- Disparity Study – Phase II Goals and Approach
- Review CBI Policy considerations related to Good Faith Efforts and MWSBE certification & eligibility and receive Committee feedback



- **CBI Policy Considerations: Good Faith Efforts**

- CBI Advisory Committee Review and Recommendations
- Good Faith Efforts Points
- Additional Good Faith Efforts



- **CBI Policy Considerations: MWSBE Certification & Eligibility**

- SBE Certification Term
- Length of Time in Business
- Business Size & Personal Net Worth Requirements



- **Future CBI Policy Consideration Topics:**

- MWSBE Subcontracting Goal Thresholds and Documentation Requirements
- Sheltered Market Program
- Alternative Construction Agreements

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Disparity Study - Phase II



Goals

1. Identify CBI Policy and program enhancement opportunities to address the disparities identified in the 2017 Disparity Study
2. Implement CBI Policy and program enhancements



Approach

- Griffin and Strong Engagement
 - Disparity Study Review & Evaluation
 - CBI Policy Review & Evaluation
 - Strategic Planning for Implementation
 - Training
- Evaluate program enhancements suggested by BBC
- Legal review of NC statutory requirements
- Review best practices of other MWSBE programs
- Economic Development Committee discussions and input
- Internal and external stakeholder engagement
 - CBI Advisory Committee and City staff



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CBI Advisory Committee GFE Review and Recommendations



Cities researched: Atlanta, New York, Austin

Findings

- Charlotte's GFEs are similar to other cities
- CBI's review of GFEs is strong
 - To get credit for several GFEs, a bidder MUST make contact with MWSBEs. Because of this, it actually makes it difficult for bidders to get to the 50 points without putting forth some real effort.



Recommendations

- CBI Policy GFEs are strong and in alignment with what the expectations should be for contractors to engage MWSBEs
- Reduce point value for two GFEs from 15 points to 10 points because they are a standard business practice and shouldn't be given more weight
- Do NOT recommend adding additional GFEs as it will only give bidders an opportunity to achieve GFEs versus the actual goals established for a project



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CBI Policy Considerations: Good Faith Efforts

Review Area	Current CBI Policy Language	Considerations	Recommendation
Good Faith Efforts	<ul style="list-style-type: none"> Bidders that do not meet established subcontracting goals must document Good Faith Efforts Bidders must earn at least 50 GFE Points out of an available 155. GFE Categories: See CBI Form 5 	<ul style="list-style-type: none"> Lower the points for some GFEs Add additional GFE categories 	<ul style="list-style-type: none"> CBIAC and staff recommend reducing the GFE point value from "15" to "10" for the following GFE categories: <ul style="list-style-type: none"> Breaking Down Work Negotiating in Good Faith with MWSBEs CBIAC and staff do not recommend adding additional GFEs

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CBI Policy Considerations: MWSBE Certification and Eligibility

Review Area	Current CBI Policy Language	Considerations	Recommendation
SBE Certification Term	SBE certification is valid for three (3) years	<ul style="list-style-type: none"> NC Historically Underutilized Business (HUB) certification for MWBEs is valid for four (4) years Increasing the certification term will make SBE certification more attractive to firms 	Staff and CBI Advisory Committee (CBIAC) recommend increasing the City's SBE certification to four (4) years
Minimum length of time in business for MWSBE certification/registration	<ul style="list-style-type: none"> No length of time in business is required Owner(s) must demonstrate substantial experience in the trade or industry, and appropriate licenses. 	<ul style="list-style-type: none"> Neither NC HUB nor NC Department of Transportation (NCDOT) consider a firm's length of time in business for certification 	No changes recommended by CBIAC or staff

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CBI Policy Considerations: MWSBE Certification and Eligibility

Review Area	Current CBI Policy Language	Considerations	Recommendation
Business size and Personal Net Worth (PNW) requirement for MWBEs	<ul style="list-style-type: none"> MWBE certification requirements are established by NC HUB Office 	<ul style="list-style-type: none"> 2017 Disparity Study recommended the City consider establishing business size and PNW thresholds for MWBEs NC HUB Office does not have requirements for business size or PNW 	No changes recommended by CBIAC or staff
Business size and Personal Net Worth (PNW) requirements for SBE certification	<ul style="list-style-type: none"> SBE business size cannot exceed 25% of the applicable size standards established by the Small Business Administration. SBE personal net worth cannot exceed \$750,000 with allowable exclusions. 	<ul style="list-style-type: none"> When compared to peer cities and NCDOT, Charlotte has the lowest thresholds Increasing the thresholds could result in a larger pool of SBE vendors to perform on City contracts 	No changes recommended by CBIAC or staff at this time

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Summary



- Overall, the CBI Policy's existing Good Faith Efforts and MWSBE certification and eligibility criteria are appropriate



- Staff and CBIAC recommend:
 - Reducing GFE point value from "15" to "10" for the identified GFE categories
 - Increasing the SBE certification term to four (4) years to reduce the administrative burden on small businesses and conform with NC HUB



Other Action Items:

- Staff is currently developing a process to provide greater detail on contract recommendations prior to Council Meetings (i.e., awards with Good Faith Efforts, contracts with low MWSBE subcontracting participation)



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Next Steps



- **Future CBI Policy Consideration Topics:**



- MWSBE Subcontracting Goal Thresholds and Documentation Requirements

- Sheltered Market Program



- Alternative Construction Agreements



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